

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the United States of America, acting through the United States Department of Justice, United States Attorney's Office for the Eastern District of Pennsylvania, on behalf of the Department of Housing and Urban Development ("HUD"), (collectively, "United States") and Matthew Petraglia ("Petraglia"). Together, the United States and Petraglia are referred to herein as "the Parties."

As a preamble to this Settlement Agreement, the Parties agree to the following:

A. The Department of Justice is authorized by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), 12 U.S.C. § 1833a, to investigate and prosecute violations of FIRREA;

B. Among other things, FIRREA imposes civil penalties on persons who violate "section . . . 1341 or 1343 of Title 18 affecting a federally insured financial institution;"

C. The Secretary of HUD is authorized by the Real Estate Settlement Procedures Act of 1974 ("RESPA"), 12 U.S.C. § 2601 et seq., to investigate possible violations of RESPA;

D. Section 8(b) of RESPA, 12 U.S.C. § 2607(b), states that "[n]o person shall give and no person shall accept any portion, split, or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan other than for services actually performed;"

E. The Department of Justice instituted an investigation concerning allegations directed at Petraglia's activities during the time he worked as an Assistant Manager for CitiFinancial;

F. During the course of the Department of Justice investigation, Petraglia admitted to officials of the Department of Justice that, while he worked as an Assistant Manager for CitiFinancial, located at 1416 Union Boulevard, Allentown, Pennsylvania (an office that was formerly Associates First Capital Corporation) (1) he closed mortgage loan transactions for CitiFinancial; (2) CitiFinancial compensated him as an employee for his services in closing mortgage loan transactions; (3) during the course of closing several mortgage loan transactions, he demanded as a condition of obtaining the loan, and personally received, improper cash payments from the mortgagor; (4) on such occasions, he stated to the mortgagor that the cash payments were for closing or settlement costs; (5) on such occasions, the cash payments were not disclosed on any record of the mortgage loan transaction (e.g., the payments were not disclosed on any HUD-1 or HUD-1A settlement sheets); (6) he put the money from the cash payments to his personal use;

G. The facts described above constitute civil violations of FIRREA and of RESPA;

H. One person from whom Petraglia demanded, and personally received, improper cash payments was a borrower from Bethlehem, Pennsylvania (the “Borrower”);

I. Petraglia’s dealings with the Borrower were as follows: (1) the Borrower first dealt with Petraglia when he worked for the Associates; (2) her poor credit history meant that she had difficulty obtaining a mortgage loan to purchase a house; (3) the Borrower was a so-called subprime borrower; (4) Petraglia worked with her to obtain a mortgage from the Associates to purchase her house; (5) on several subsequent occasions, Petraglia obtained loans – both personal, consumer loans and mortgage loans – for the Borrower; (6) each of these subsequent loans was obtained from CitiFinancial (which had taken over the Associates); (7) the Borrower needed financial help, in part, because she was struggling with the legal fees associated with her fight to keep custody of her children; (7) on three occasions, Petraglia demanded, and personally received, improper cash payments from the Borrower; (8) on one such occasion, Petraglia made the demand at the same time that the Borrower’s daughter lay in a hospital recovering from injuries she received after being struck by a car; (9) on one such occasion, Petraglia drove with the Borrower, in the Borrower’s car and with the Borrower’s children, to the Borrower’s bank; (10) on that occasion, the Borrower cashed a check, had one of her children count out some money, and handed the money to Petraglia; (11) on one such occasion, Petraglia convinced the Borrower to have the Borrower write a check to her mother, who then cashed the check; (12) the Borrower used the cash to pay Petraglia;

J. Petraglia represents that any statements he has made to the United States during a July 1, 2003, interview are truthful, accurate, and complete; and

K. The terms of this Settlement Agreement are an appropriate disposition of this matter and in the public interest.

NOW THEREFORE, in consideration of the mutual promises and representations set forth herein, and in further reliance by the United States on the truthfulness of the statements made and information provided by Petraglia, the Parties hereby agree to, and intend to be legally bound by, the following:

1. Petraglia agrees to abide by FIRREA, RESPA, and any relevant implementing regulations.

2. Within ten (10) days of the execution of this Settlement Agreement, Petraglia shall deliver to Michael S. Blume, Assistant United States Attorney, United States Attorney’s Office, 615 Chestnut Street, Suite 1250, Philadelphia, Pennsylvania, 19106 certified checks pursuant to the instructions of the United States, such checks shall total \$26,800.00.

3. In consideration of the obligations of Petraglia set forth in this Settlement Agreement, the United States agrees to release Petraglia from any civil or administrative monetary claim the United States has or may have under FIRREA, 12 U.S.C. § 1833a, and/or RESPA, 12 U.S.C. §

2607, arising from the mortgage loan transactions between CitiFinancial and the individual mortgagors disclosed by Petraglia to the United States as being part of the conduct described in paragraphs F-I of the preamble herein, including the individual mortgagor subject to the Disputed Checks, described in paragraph 5, herein.

4. Notwithstanding any term of this Settlement Agreement, specifically reserved and excluded from the scope and terms of this Settlement Agreement as to any entity or person (including Petraglia) are the following: (a) any civil, criminal, or administrative liability arising under Title 26, U.S. Code (the Internal Revenue Code); (b) any criminal liability; (c) except as explicitly stated in this Settlement Agreement, any administrative liability; (d) any liability to the United States (or its agencies) for any conduct other than the conduct described in paragraph 3; and (e) any liability based upon such obligations as are created by this Settlement Agreement.

5. The Disputed Checks shall be handled pursuant to the instructions of the United States.

6. Petraglia fully and finally releases the United States, its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind however denominated) that Petraglia could have asserted or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the conduct described herein and the United States' investigation and prosecution thereof.

7. The Parties shall bear their own costs and fees associated with and arising from the instant matter, except as otherwise set forth in this Settlement Agreement.

8. This Settlement Agreement does not extinguish any rights that persons or entities not parties to this Settlement Agreement may have.

9. Petraglia represents that this Settlement Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

10. This Settlement Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Settlement Agreement will be the United States District Court for the Eastern District of Pennsylvania.

11. All Parties consent to the United States' disclosure of this Settlement Agreement, and information about this Settlement Agreement, to the public, and Petraglia waives any legal rights he may have, including without limitation those granted by the Privacy Act, 5 U.S.C. § 552a, to maintain as confidential this Settlement Agreement and information about this Settlement Agreement.

SIGNATURES APPEAR ON FOLLOWING PAGE

PATRICK L. MEEHAN
United States Attorney

By: _____ Date: _____
James G. Sheehan
Associate United States Attorney

By: _____ Date: _____
Michael S. Blume
Assistant United States Attorney

By: _____ Date: _____
Matthew Petraglia